

WESTFIELD MINERALS LIMITED

NINETEENTH
ANNUAL
REPORT

FOR THE YEAR ENDED DECEMBER 31

1974

WESTFIELD MINERALS LIMITED

(Incorporated under the laws of Canada)

Executive and Head Office

Suite 2602, Royal Trust Tower,
Toronto-Dominion Centre,
P.O. Box 27,
Toronto, Canada M5K 1A1

Officers

Patrick J. Hughes, *Chairman*
Murray K. Pickard, *President*
George T. Smith, *Vice-President*
Thomas E. Kelly, *Secretary-Treasurer*

Directors

Allan J. Anderson, Toronto, Canada
Sylvester P. Boland, Dublin, Ireland
Patrick J. Hughes, Dublin, Ireland
John P. Millenbach, Toronto, Canada
Murray K. Pickard, Toronto, Canada
George T. Smith, Toronto, Canada

Transfer Agent and Registrar

Crown Trust Company, 302 Bay Street, Toronto, Canada

Bankers

Canadian Imperial Bank of Commerce, Toronto, Canada

Shares Listed

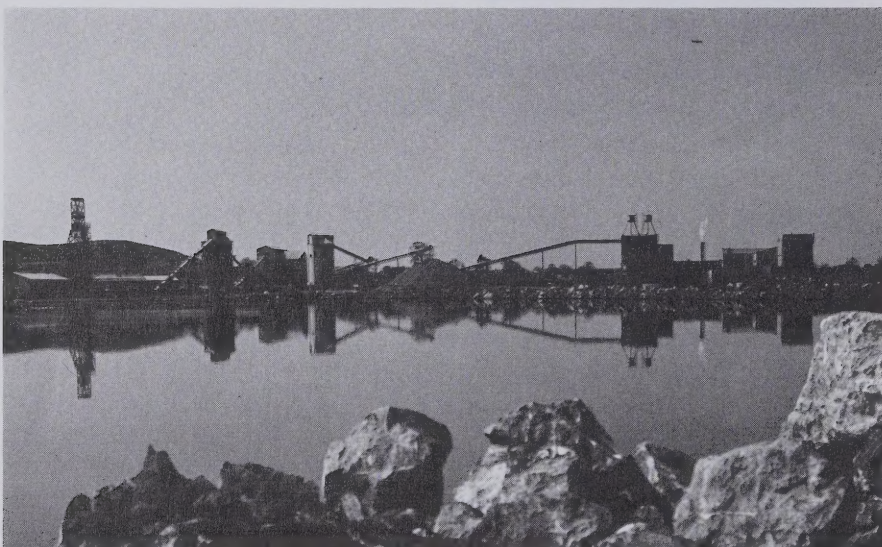
The Toronto Stock Exchange, Toronto, Canada

Auditors

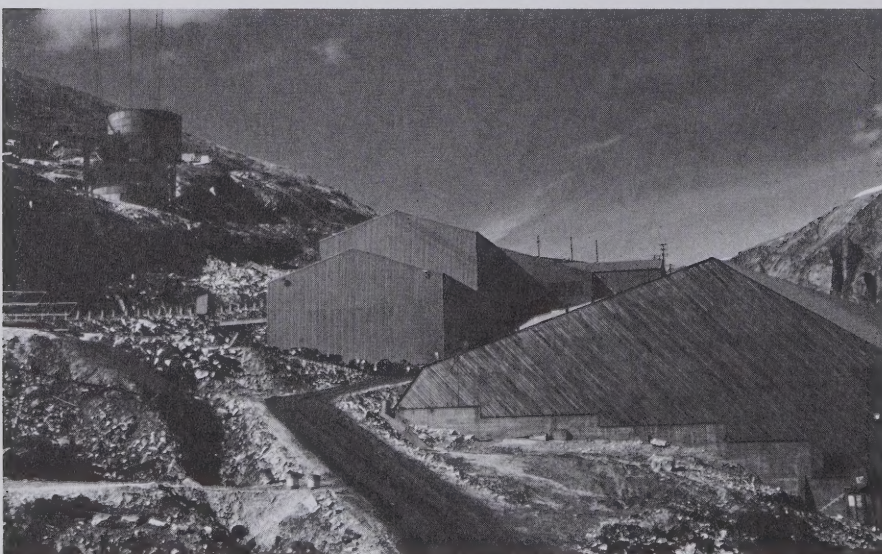
Clarkson, Gordon & Co., Chartered Accountants, Toronto, Canada



Centre in this picture is the shaft headframe and hoist at the Tynagh Mine, operated by Irish Base Metals Limited, the wholly owned subsidiary of **Northgate Exploration Limited**.



A view looking across the tailings pond of the surface plant at the Tynagh Mine. From left to right, the principal structures are the shaft headframe, coarse ore storage bin, dense media separation plant and the concentrator complex.



This scene is at the Black Angel Mine in West Greenland operated by Greenex A/S, the wholly owned subsidiary of **Vestgron Mines Limited**. Centre is the mill building and the terminal of the skip cableway to the left.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the Nineteenth Annual Report of the Company. Included are the audited financial statements for the year ended December 31, 1974 and a review of the principal developments during the year and the subsequent period to date.

Both directly, and indirectly through affiliated companies, Westfield has widespread exploration interests in Canada, Australia and the Republic of Ireland.

In addition, through its shareholdings in Vestgron Mines Limited and Northgate Exploration Limited, Westfield is participating in base metal mining operations in West Greenland and Ireland.

Other principal assets of Westfield include the Coniaurum Property in the Timmins district of Ontario which is, in part, leased to Pamour Porcupine Mines, Limited under a mining and royalty arrangement.

Working capital at December 31, 1974 was \$1,002,654 as compared with \$435,202 at the 1973 year end. An appreciable portion of this increase in working capital is attributable to dividend income received from the Company's shareholding in Northgate. The latter company recently declared a dividend of US\$0.25 per share payable on April 15, 1975 to shareholders of record April 1, 1975.

CONIAURUM PROPERTY

Westfield owns the mineral rights and part of the surface rights of the former gold producing Coniaurum Property adjoining the Schumacher Mine (a Division of Pamour Porcupine Mines, Limited) in Tisdale Twp., Ontario. The Schumacher Mine with its milling facilities currently treating approximately 2,000 tons of copper ore and 600 tons of gold ore per day, was purchased from McIntyre by Pamour in late 1973.

Under the existing arrangements a number of claims comprising about half of Westfield's Coniaurum Property are leased under a mining and royalty arrangement to Pamour. During 1974, Westfield received \$57,764 in royalty payments from Pamour which was derived from the mining of approximately 80,000 tons of copper ore from the Coniaurum Property. Royalty income was below expectation due to the lower than anticipated tonnage of ore mined during the year.

In connection with the Coniaurum lease, a change to a profit sharing arrangement is currently being discussed with Pamour but has not yet been concluded.

GENERAL EXPLORATION

In addition to its widespread exposure to exploration through affiliated companies, Westfield continues active on its own account.

During the summer of 1974 Westfield participated in a joint venture involving a nickel-copper prospect in Saskatchewan where a program of geochemical sampling and geological mapping was carried out. This work failed to de-

WESTFIELD MINERALS LIMITED

fine any targets suitable for follow-up test by diamond drilling and the project was terminated.

Westfield also entered into a joint venture undertaking with Northgate Exploration Limited in the Maritime provinces involving tracts in Nova Scotia covering approximately 140 square miles in 22 areas generally within a Carboniferous sedimentary environment. As a result of work carried out since April of 1974, the ground held was reduced to approximately 70 square miles at the year end. Several geochemical and geophysical anomalies have been located and are scheduled for test by diamond drilling during the 1975 field season. This joint venture also encompassed reconnaissance exploration in Newfoundland and agreement in principle has been reached with Reid Newfoundland Corporation to explore approximately 600 square miles of ground held by that company. Westfield has a 60% participating interest in this joint venture.

Westfield also entered into a joint venture undertaking with Northgate involving an offshore gold placer prospect in Alaska where drilling had been scheduled for early 1975, but owing to unsatisfactory ice conditions this work had to be postponed. The rights under this phase of the project have been extended for one year. Negotiations on joint exploration of adjacent onshore and offshore areas are being continued with a view to carrying out exploration on the onshore areas during the summer of 1975.

Westfield's expenses for exploration in 1974 amounted to \$104,278. An enlarged program and budget is projected for 1975.

INVESTMENTS

As a result of transactions approved by Westfield's shareholders at its 1974 Annual and Special General Meeting whereby Westfield sold certain of its Whim Creek and Vestgron shares to Northgate for a total consideration of \$4,350,000 payable by the issue to Westfield of 800,000 treasury shares of Northgate and \$350,000 in cash, your Company's principal investments now consist of the following:

	No. of Shares Held	Percentage Ownership
Northgate	936,619	13.6
Vestgron	414,510	9.8
Whim Creek	2,500,000	22.7

The following summaries of Northgate Exploration Limited, Vestgron Mines Limited and Whim Creek Consolidated N. L. are relevant to these investments:

NORTHGATE EXPLORATION LIMITED

Northgate Exploration Limited derives its income from base metal mines in Ireland through subsidiary companies, Irish Base Metals Limited and Gortdrum Mines (Ireland) Limited. Consolidated net income for 1974 was \$4,026,000 or \$0.61 per share as compared with \$9,120,000 or \$1.52 per share in 1973.

The decrease in net income for 1974 is attributable to a shortfall in concentrate production, sales, generally higher operating costs, but most importantly, to the imposition of Irish income taxes, effective from April 1974, on profits derived from its Irish mining operations. Under the provisions of the "Finance (Taxation of Profits Certain Mines) Act, 1974", the Irish Government withdrew the existing exemption from Irish income taxes. The provision for income taxes with respect to Northgate's Irish mining operations in 1974 amounted to \$3,400,000 of which \$3,265,000 relates to future and deferred income taxes.

Northgate's per share net income figure for 1974 was influenced by the increase in the weighted number of shares outstanding during 1974 of 6,605,739 shares compared with 5,992,549 shares in 1973.

Northgate maintains an active exploration program, principally in Ireland where at year end it held 181 prospecting licences covering a combined area of approximately 2,500 square miles. A number of licences are held in the Navan area, County Meath, in close proximity to the major zinc-lead deposit discovered by Tara Exploration and Development Company Limited in 1970.

Northgate enjoys a strong financial position with working capital at December 31, 1974 of \$16,508,000. In addition its investments, including affiliated companies, had a quoted market value at year end of approximately \$17.1 million.

VESTGRON MINES LIMITED

Vestgron Mines Limited reported net earnings of \$10,336,000 or \$2.44 per share for 1974. Earnings are derived from the sale of lead and zinc concentrates produced at the Black Angel Mine of the company's wholly owned subsidiary, Greenex A/S, West Greenland. The mine has completed its first full year of commercial operation and the above reported earnings are after deducting interest and other charges relating to its senior financing arrangements.

Revenue of \$36,279,000 in 1974 was from the sale of 101,465 metric tons of zinc concentrate and 37,687 tons of lead concentrate. Shipments from the opening of the navigation season at mid-year to the onset of winter ice in November, amounted to 165,000 metric tons of zinc concentrate and 37,500 tons of lead concentrate. Concentrate production in 1974 amounted to 168,000 metric tons of zinc concentrate and 36,900 metric tons of lead concentrate from the treatment of 575,000 metric tons of ore grading 18.3% zinc and 5.1% lead. An operating rate 10% above nominal design capacity was achieved during the second half of 1974.

Year end inventories of concentrates were 105,400 metric tons of zinc concentrate and 7,500 metric tons of lead concentrate. Of this inventory, 27,000 tons of zinc and 7,500 tons of lead concentrate were at Marmorilik. The balance of the zinc concentrate is awaiting treatment at European smelters.

Since some of the concentrates shipped in one year are not sold until the following year, 1975 will be the first year in which revenues and earnings reflect the full annual production volume.

Ore reserves at December 31, 1974 at the Angel Zone were 3,442,000 metric tons averaging 15.7% zinc, 5.1% lead and 1.0 ounce per ton of silver, compared with 4,440,000 metric tons averaging 14.9% zinc, 5.0% lead and 1.0 ounce per ton of silver the previous year. The revised figures plus the year's production give substantially the same metal content as last year's results. A surface drilling program to the east of the present workings was completed and the development drift to the Cover Zone, which started in September, is scheduled for completion in 1975. Reserves for these areas will be calculated on completion of this work.

The foregoing information relative to Vestgron Mines Limited is based upon published data including its 1974 Annual Report.

WHIM CREEK CONSOLIDATED N.L.

The activities of Whim Creek and its subsidiary companies continue dominantly in Western Australia (principally in the West Pilbara region) although in terms of the number of properties examined an appreciable amount of exploration was also carried out in Queensland and New South Wales in the eastern half of Australia.

Exploration expenditures during 1974 amounted to Aust. \$383,529 and working capital at December 31, 1974 was Aust. \$1,566,681. The major portion of working capital consists of cash including short term investments. The current currency exchange rate for the Australian dollar is approximately \$1.36 Canadian.

As previously announced by Whim Creek, a decision had been made to commence comprehensive studies on the feasibility of a mining operation or operations on the Whim Creek, Whundo and Mt. Sholl properties in West Pilbara. An appreciable portion of the exploration expenditures during 1974 were in connection with these feasibility studies. It is noted that the decision to proceed with these studies was made at a time when metal prices, particularly those for copper, were significantly higher than the prices prevailing during the latter part of 1974.

The following is a brief review of the results of the feasibility studies for each of the properties:

Whim Creek Mine

The study of the Whim Creek copper deposit was essentially completed in late 1974. It showed that an operation by open pit mining with processing by heap and agitation leaching for the oxide and mixed oxide sulphide ores was technically feasible. A more limited test was carried out on the flotation characteristics of the sulphide ore with satisfactory results.

Under present economic conditions, notably the prevailing copper prices, the Company noted it would be imprudent to proceed with production. However, the technical results are sufficiently encouraging to justify a continuation of investigations on process modification which might allow reductions in capital requirements and/or operating costs.

Mt. Sholl

Early in 1974 a study was commenced to establish a more quantitative understanding of the minimum tonnage and grade requirements for a profitable mining operation in the Roebourne-Dampier area based on the Mt. Sholl type copper-nickel mineralization. It was felt that such a study was necessary to provide a firm basis for decision on future exploration.

The study took the form of a preliminary feasibility investigation of mining and treating the Mt. Sholl B2 deposit in conjunction with a detailed review of the exploration potential of all of the Company's properties with similar mineralization and/or geological setting in the Roebourne-Dampier area.

While an operation based on the B2 deposit alone would not be economically feasible, the engineering and financial study showed that with the addition of one or two deposits of similar nature a mining operation could be feasible. The possibilities for discovery of such additional deposits are reasonable as there are six areas held by the Company with similar geological and geophysical characteristics to the B2 area in the district and drilling on four of these has shown that copper-nickel mineralization is present although the tonnage and grade potential has not yet been determined.

Whundo Properties

The main Whundo property is a joint venture in which Whim Creek now holds an approximate 90% interest.

Preliminary studies to provide guide lines for further exploration on the Whundo properties, including the Whundo Joint Venture property, were undertaken during the year. One study was designed to examine the economics of a small operation based on high grade secondary copper sulphides, and a second study to consider the economics of a larger scale operation based on the copper-zinc deposit as a whole. The latter study was commenced in the second half of 1974.

Two possibilities exist on Company held properties in reasonable proximity to the Whundo Joint Venture claims for the discovery of similar copper-zinc mineralization. On the Whundo property itself there is a potential for discovery of more ore as two of the three known sulphide shoots are still open at depth. Evidence of similar mineralization is known from three prospects some distance away on what appears to be the same favourable geological horizon. Investigation of these possibilities will continue in 1975.

It is indicated that with additional deposits of similar grade and tonnage together with improved metal prices economic operations could be possible.

Mons Cupri Properties

Information regarding the Mons Cupri properties which are under option to Australian Inland Exploration Inc. (wholly owned subsidiary of Texasgulf) is substantially unchanged from that reported at year end 1973. The following is an excerpt from the manager's report of Australian Inland for the period ended December 31, 1974:

"Feasibility studies on the Mons Cupri base metal deposit have been directed toward establishing the viability of an acid leaching operation on the secondary copper ore. Heap leaching is the main processing method being evaluated."

Whim Creek holds a non-contributing interest in the Mons Cupri properties amounting to 31%%, the remainder held by Australian Inland.

GENERAL

Your Company retains its 50.7% interest in Here Fault Copper Limited which holds a 682-acre property in the Noranda area of Quebec, immediately to the south of the producing Lake Dufault division of Falconbridge Copper Limited. The shareholding (223,444 shares) in Redstone Resources Inc. is also retained.

On behalf of the Board of Directors,

March 31, 1975

"M. K. Pickard"
President

BALANCE SHEET

ASSETS

CURRENT:

Cash and bank term deposits

Accounts receivable —

 Due from associated companies

 Other.....

 Total current assets

INVESTMENTS (notes 1(a), 1(b), 2 and accompanying schedule):

Subsidiary companies.....

Associated companies.....

Other companies

EXPLORATION EXPENDITURES DEFERRED (note 1(c))

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued charges

DEFERRED INCOME TAXES (note 1(d))

SHAREHOLDERS' EQUITY:

Capital (note 3) —

Issued:

6,236,197 common shares

Contributed surplus.....

Retained earnings (deficit)

(See accompanying notes)

WESTFIELD MINERALS LIMITED*(Incorporated under the laws of Canada)***AUDITORS' REPORT**

December 31	
1974	1973
\$ 997,440	\$ 470,225
66,046	
17,530	21,102
1,081,016	491,327
21,401	41,401
5,384,051	1,746,551
741,826	1,064,815
6,147,278	2,852,767
280,264	191,023
<u>\$7,508,558</u>	<u>\$3,535,117</u>

December 31	
1974	1973
\$ 78,362	\$ 56,125
141,000	

623,620	623,620
3,875,951	3,875,951
4,499,571	4,499,571
2,789,625	(1,020,579)
7,289,196	3,478,992
<u>\$7,508,558</u>	<u>\$3,535,117</u>

To the Shareholders of
Westfield Minerals Limited:

We have examined the balance sheet of Westfield Minerals Limited as at December 31, 1974 and the statements of income, retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1974 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Toronto, Canada,
March 24, 1975.

On behalf of the Board:

M. K. PICKARD, Director
J. P. MILLENBACH, Director

STATEMENT OF INCOME

	Year ended December 31,	
	1974	1973
REVENUE:		
Royalty income	\$ 57,764	\$ 51,170
Less amortization of related deferred exploration expenses (note 1(c))	5,777	5,117
	51,987	46,053
Interest on short-term investments	68,094	43,007
Dividends on investment in Northgate Exploration Limited	286,088	
Miscellaneous income		4,389
	406,169	93,449
ADMINISTRATIVE AND GENERAL EXPENSES:		
Administrative fee	9,275	4,200
Consultants' fees	29,112	12,000
Legal and audit	8,116	5,774
Transfer agent	4,603	4,164
Reports to shareholders and other shareholder costs	3,223	2,350
Provision for uncollectible accounts receivable	3,832	2,065
Directors fees	9,000	
Other	8,562	4,241
	75,723	34,794
INCOME BEFORE THE FOLLOWING	330,446	58,655
Gain on sale of investments:		
On part of holdings in Whim Creek Consolidated N.L.	623,279	
On other investments	3,026,739	134,426
Investment written down (note 1(a))	(20,000)	(4,200)
Exploration expenditures written off (note 1(c))	(9,260)	(14,769)
	3,620,758	115,457
Income before income taxes and extraordinary item	3,951,204	174,112
Income taxes	435,000	36,000
INCOME BEFORE EXTRAORDINARY ITEM		
(per share: 1974 — 56¢; 1973 — 2.2¢)	3,516,204	138,112
EXTRAORDINARY ITEM:		
Reduction of income taxes due to application of available amounts carried forward from prior years (note 4) (per share: 1974 — 5¢; 1973 — 0.6¢) ..	294,000	36,000
NET INCOME FOR THE YEAR		
(per share: 1974 — 61¢; 1973 — 2.8¢)	\$ 3,810,204	\$ 174,112

(See accompanying notes)

STATEMENTS OF CONTRIBUTED SURPLUS AND RETAINED EARNINGS

	Year ended December 31,	
	1974	1973
CONTRIBUTED SURPLUS		
BALANCE AT BEGINNING OF YEAR	\$ 3,875,951	\$ 3,854,237
Premium received on exercise of share purchase warrants		21,714
BALANCE AT END OF YEAR	<u>\$ 3,875,951</u>	<u>\$ 3,875,951</u>
RETAINED EARNINGS		
BALANCE (DEFICIT) AT BEGINNING OF YEAR	\$ (1,020,579)	\$ (1,194,691)
Net income for the year	3,810,204	174,112
BALANCE (DEFICIT) AT END OF YEAR	<u>\$ 2,789,625</u>	<u>\$ (1,020,579)</u>

(See accompanying notes)

SCHEDULE OF INVESTMENTS IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES

	Number of shares	Carrying value (notes 1(a) and 1(b)) December 31	
		1974	1973
SUBSIDIARY COMPANIES		\$ 21,401	\$ 41,401
ASSOCIATED COMPANIES:			
Whim Creek Consolidated N.L. (23% owned) (note 2) (quoted market value — 1974 — \$1,000,000; 1973 — \$1,875,000) (3,750,000 shares in 1973 — 34% owned)	2,500,000*	712,497	1,074,997
Northgate Exploration Limited (13.6% owned) (quoted market value — 1974 — \$2,763,000; 1973 — \$635,300) (136,619 shares in 1973 — 2.3% owned)	936,619*	4,671,554	671,554
		<u>5,384,051</u>	<u>1,746,551</u>
OTHER COMPANIES:			
Vestgron Mines Limited (quoted market value — 1974 — \$3,782,400; 1973 — \$9,993,500) (634,510 shares in 1973) .	414,510*	621,630	951,629
Other		120,196	113,186
		<u>741,826</u>	<u>1,064,815</u>
Total		<u>\$6,147,278</u>	<u>\$2,852,767</u>

*Whim Creek Consolidated N.L. is listed on Australian stock exchanges, Northgate Exploration Limited is listed on Canadian, American and London stock exchanges, and Vestgron Mines Limited on Canadian stock exchanges. Because of the substantial number of shares of these companies held by Westfield the amount which might be realized if these shares were to be sold may be more or less than the market values quoted for such shares.

(See accompanying notes)

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31,	
	1974	1973
SOURCE OF FUNDS:		
Royalty and interest income	\$ 120,081	\$ 93,449
Dividend income	286,088	
Add amortization of related deferred exploration expenses (note 1(c))	5,777	5,117
	<u>411,946</u>	<u>98,566</u>
Proceeds on disposal of investments, less in 1974, the market value (\$4,000,000) of investments received as part consideration therefor	342,518	150,962
Exercise of share purchase warrants		23,603
	<u>754,464</u>	<u>273,131</u>
APPLICATION OF FUNDS:		
Administrative and general expenses	75,723	34,794
Exploration expenditures	104,278	18,440
Purchase of investments (exclusive, in 1974, of investments received in sale transaction (above))	7,011	492,489
	<u>187,012</u>	<u>545,723</u>
Increase (decrease) in funds during the year	567,452	(272,592)
Working capital at beginning of year	435,202	707,794
Working capital at end of year	<u>\$ 1,002,654</u>	<u>\$ 435,202</u>
REPRESENTED BY:		
Current assets	\$ 1,081,016	\$ 491,327
Less current liabilities	78,362	56,125
	<u>\$ 1,002,654</u>	<u>\$ 435,202</u>

(See accompanying notes)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1974

1. SUMMARY OF ACCOUNTING POLICIES

The following accounting principles and practices of Westfield Minerals Limited ("Westfield") are set forth to facilitate the understanding of data presented in these financial statements:

(a) Investment in subsidiary companies —

The company's investment in its subsidiary companies is carried at cost less amounts totalling \$105,402 written off to date, including \$20,000 in 1974 and \$4,200 in 1973, to reflect Westfield's share of such subsidiaries' losses and exploration expenditures to December 31, 1974. The carrying value approximates Westfield's equity in the subsidiaries' working capital at December 31, 1974. The accounts of the subsidiaries have not been consolidated as they are not material to these financial statements.

(b) Investment in associated and other companies —

The company's investments in associated and other companies are carried at cost, or, where it has been estimated that there has been a loss in value which is other than a temporary decline, at cost less an amount of write down to recognize such loss (see note 2).

(c) Exploration expenditures deferred —

Exploration expenditures are deferred until the results of the related projects are known. If the project is successful the related exploration expenditures are amortized over a period of years against the anticipated income from that source. If the project is abandoned or considered to be of no immediate value to the company, the related expenditures are charged at such time against income. The costs deferred at any time do not necessarily reflect present or future values.

(d) Deferred income taxes —

Deferred income taxes are provided on timing differences between accounting income and income for tax purposes. These differences arise because certain amounts claimed for tax purposes (mainly exploration and development costs) are in excess of amounts written off in the accounts.

2. INVESTMENT IN WHIM CREEK CONSOLIDATED N.L.

Northgate Exploration Limited ("Northgate"), an associated company which owns approximately 45% of the outstanding shares of Westfield, and Westfield, own together approximately 54% of the outstanding shares of the associated company Whim Creek Consolidated N.L. ("Whim Creek"). The investment in Whim Creek is subject to foreign ownership legislation, and remittances from Australia may be subject to exchange regulations of that country.

As referred to in note 1(b) Westfield's investment in Whim Creek is carried at cost less amounts written off. This is in accordance with accounting principles generally accepted in Canada as Westfield's investment does not represent effective control of such company. Northgate, which accounts on an equity basis for its investment in Westfield and Whim Creek, files its reports with the Securities and Exchange Commission in the United States. Under United States accounting principles, Westfield would be required to carry its investment in Whim Creek similarly on an equity basis, as such investment is sufficient to give Westfield "significant influence" in the affairs of Whim Creek.

If the equity basis of accounting for Whim Creek had been applied in these financial statements:

- Westfield would have charged \$48,775 (\$98,440 in 1973) against income as its share of net losses of Whim Creek for the year.
- the gain recorded in 1974 on the sale of part of Westfield's holdings in Whim Creek would have been reduced from \$623,279 to \$383,005.
- as a result of the foregoing, Westfield's recorded net income for 1974 would have been reduced from \$3,810,204 to \$3,521,155 (from 61¢ per share to 56¢ per share), and its net income for 1973 would have been reduced from \$174,112 to \$75,672 (from 2.8¢ per share to 1.2¢ per share).
- the carrying value of Westfield's investment in Whim Creek in the December 31, 1974 balance sheet would have been higher by \$439,674 (\$728,724 at December 31, 1973).

NOTES TO FINANCIAL STATEMENTS (continued)**DECEMBER 31, 1974**

- correspondingly the shareholders' equity in Westfield's balance sheets at December 31, 1974 and 1973 would have been higher by the amounts shown immediately above. However, these would have been classified as an increase of \$1,076,941 in contributed surplus in both years and a reduction in retained earnings (increase in deficit in 1973) of \$637,267 at December 31, 1974 (\$348,217 at December 31, 1973).

In computing Westfield's equity in Whim Creek, the consolidated financial statements of that company, which have been reported on by Australian chartered accountants, have been translated into Canadian dollars on the following bases: current assets and current liabilities at the exchange rate at the end of each year; fixed assets and deferred exploration and development expenditures at the rates prevailing in the years such costs were incurred; income and expense at average exchange rates for each year, with the exception of depreciation, and exploration and development expenditures written off, which are at rates prevailing when the related costs were incurred. Exchange gains resulting from such translation practices have not been included but have been deferred in computing Westfield's equity in the net income (loss) of Whim Creek.

3. SHARE CAPITAL

The authorized share capital of the company is:

150,000 5% non-cumulative, non-participating, convertible, redeemable (at 102%) preferred shares of the par value of \$7.50 each (less 120,000 shares converted or redeemed and cancelled) (none outstanding)

10,000,000 common shares of the par value of 10¢ each (6,236,197 outstanding)

4. INCOME TAXES

Accumulated tax losses aggregating approximately \$180,000 which expire in varying amounts over the years 1975 to 1979 may be available under applicable provisions of the Income Tax Act (Canada) to reduce income subject to tax, if earned, in future years.

5. REMUNERATION OF DIRECTORS AND OFFICERS

During the year, the company had six directors and five officers (of whom three were also directors) including those who were elected and who retired during the year. Remuneration paid to the directors, as directors was \$9,000 (nil in 1973) and to officers as officers was \$28,900 (\$12,000 in 1973).

